

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6261

BILL NUMBER: HB 1837

DATE PREPARED: Nov 13, 1998

BILL AMENDED:

SUBJECT: Pension relief fund and TRF pension stabilization fund appropriations.

FISCAL ANALYST: James Sperlik

PHONE NUMBER: 232-9866

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues			
State Expenditures		500,000,000	
Net Increase (Decrease)		(500,000,000)	

Summary of Legislation: This bill appropriates \$100,000,000 from the State General Fund to the Pension Relief Fund and appropriates \$400,000,000 from the State General Fund to the Pension Stabilization Fund.

Effective Date: July 1, 1999.

Explanation of State Expenditures: Part of this bill appropriates \$100,000,000 from the State General Fund to the Pension Relief Fund beginning July 1, 1999, and ending June 30, 2000. The annual appropriation to the Pension Relief Fund is assumed to go to the "m" portion. The "m" portion of the Pension Relief Fund provides relief to those units most in need. It addresses the "distressed" communities. The distribution is based on calculation of the communities' total net police and fire pension payment, with a qualification level of those communities with annual payments equal to or greater than 10% of the maximum property tax levy. The relief is focused on unfunded liabilities, allowing units to freeze those payments to their current percentage of the maximum levy. This appropriation would extend the "m" portion of the Pension Relief Fund an additional 2.5 years, from 2011 to mid 2013. In the year 2012, there would be an extra distribution of \$88,936,000. In the year 2013, there would be an extra distribution of \$46,278,000.

The \$400,000,000 appropriation to the Pension Stabilization Fund will lower the necessary required contributions for the Teachers' Retirement Fund in future years. The estimated amount of future savings will

be included in this fiscal note upon receipt of necessary data from the actuaries for the Teachers' Retirement Fund.

Explanation of State Revenues:

Explanation of Local Expenditures: About 105 municipalities receive distributions from the "m" portion of the Pension Relief Fund.

Explanation of Local Revenues:

State Agencies Affected: Public Employees Retirement Fund as administrators of the Pension Relief Fund; Teachers' Retirement Fund.

Local Agencies Affected: Those units who qualify for additional relief under the "m" portion of the Pension Relief Fund.

Information Sources: Doug Todd of McCready & Keene, Inc., actuaries for PERF and the Pension Relief Fund, 576-1508.